

BIOSIMILARS NEWCO LIMITED
BALANCE SHEET AS AT MARCH 31, 2023
(All amounts in US Dollars Thousands, except share data and unless otherwise stated)

	<u>Notes</u>	<u>March 31, 2023</u>
ASSETS		
Non-current assets		
Goodwill	1	15,51,463
Intangible assets	1	5,26,320
Intangible assets under development	1	3,19,526
Financial assets		
(i) Other financial assets	5	1,13,736
Total non-current assets		25,11,045
Current assets		
Inventories	2	30,330
Financial assets		
(i) Trade receivables	3	2,83,043
(ii) Cash and cash equivalents	4	165
(iii) Other financial assets	5	1
Total current assets		3,13,539
TOTAL		28,24,584
EQUITY AND LIABILITIES		
Equity		
Equity share capital	6	12,12,000
Other equity	7	(39,385)
Total equity		11,72,615
Non-current liabilities		
Borrowings	8	11,81,781
Financial liabilities		
(i) Other financial liabilities	9(a)	1,45,837
Deferred tax liability		3,162
Total current liabilities		13,30,780
Current liabilities		
Financial liabilities		
(i) Trade payables	10	3,06,932
(ii) Other financial liabilities	9(b)	14,257
Total current liabilities		3,21,189
TOTAL		28,24,584

BIOSIMILARS NEWCO LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD 29 NOVEMBER, 2022 TO MARCH 31, 2023

(All amounts in US Dollars Thousands, except share data and unless otherwise stated)

	<u>Notes</u>	<u>Period ended March 31, 2023</u>
Income		
Revenue from operations	11	1,76,863
Total revenue		1,76,863
Expenses		
Purchases of traded goods	12	48,711
Changes in inventories of traded goods	13	33,211
Amortisation		14,881
Other expenses	14	79,502
Finance cost	15	25,154
Total expenses		2,01,459
(Loss) before tax and exceptional items		(24,596)
Exceptional items		(15,869)
(Loss) before tax		(40,465)
Tax expense		
Deferred Tax		(1,080)
Tax expense		(1,080)
(Loss) for the period		(39,385)

BIOSIMILARS NEWCO LIMITED

STATEMENT OF CASH FLOW FOR THE PERIOD FROM NOVEMBER 29, 2022 TO MARCH 31, 2023

(All amounts in US Dollars Thousands, except share data and unless otherwise stated)

	Period ended March 31, 2023
	<hr/>
I Cash flows from operating activities	
(Loss) after tax	(39,385)
<u>Adjustments to reconcile (loss) before tax to net cash flows:</u>	
Amortisation (net)	14,881
Fair value loss on financial assets measured at fair value through profit or loss	16,091
Finance cost	25,154
Tax expense	(1,080)
	<hr/> 15,661
 Movements in working capital	
(Increase) in trade receivables	(385)
Decrease in inventories	96,753
Decrease in loans and advances and other assets	86,738
(Decrease) in trade payables, other liabilities and provisions	(3,10,750)
Cash generated from operations	<hr/> (1,11,984)
Direct taxes paid	-
Net cash flow (used in) operating activities	<hr/> (1,11,984) <hr/>
 II Cash flows from investing activities	
Spends of intangible assets under development	(430)
Payment to Viatrix for acquisition	(12,72,691)
Net cash flow (used in) investing activities	<hr/> (12,73,121) <hr/>
 III Cash flows from financing activities	
Interest paid	(26,730)
Proceeds from issue of equity shares	2,12,000
Availment of Term Loan	12,00,000
Net cash flow generated from financing activities	<hr/> 13,85,270 <hr/>
 IV Net increase in cash and cash equivalents (I + II + III)	165
 V Effect of exchange differences on cash and cash equivalents held in foreign currency	-
 VI Cash and cash equivalents upon acquisition	-
 VIII Cash and cash equivalents at the end of the year (IV + V + VI)	<hr/> 165 <hr/>
 Reconciliation of cash and cash equivalents as per statement of cash flow	
Cash and cash equivalents	
Balances with banks - on current accounts	165
- on deposit accounts	-
	<hr/> 165
Total cash and cash equivalents [refer note 6]	<hr/> 165 <hr/>

BIOSIMILARS NEWCO LIMITED

Notes to financial statements for the period 29 November, 2022 to March 31, 2023

(All amounts in US Dollars Thousands, except share data and unless otherwise stated)

1. Goodwill and Intangible assets

	Intangible asstes				Intangible asstes under development		
	Goodwill	Patents & License	Brand & Trademark	Intellectual & Product Rights	Total intangible assets	Product under development	Total Product under development
Gross carrying amount							
Acquired through business combination	15,51,463	2,42,121	23,833	2,75,247	5,41,201	3,12,242	3,12,242
Additions	-	-	-	-	-	7,284	7,284
Deletion	-	-	-	-	-	-	-
At March 31, 2023	15,51,463	2,42,121	23,833	2,75,247	5,41,201	3,19,526	3,19,526
Amortisation for the year		8,087	610	6,184	14,881	-	-
At March 31, 2023	-	8,087	610	6,184	14,881	-	-
Net carrying amount							
At March 31, 2023	15,51,463	2,34,034	23,223	2,69,063	5,26,320	3,19,526	3,19,526

BIOSIMILARS NEWCO LIMITED

Notes to financial statements for the period 29 November, 2022 to March 31, 2023

(All amounts in US Dollars Thousands, except share data and unless otherwise stated)

	<u>March 31,</u> <u>2023</u>
2. Inventories	
Traded goods	30,330
	<u>30,330</u>
3. Trade receivables	
(a) Unsecured, considered good	2,83,043
	<u>2,83,043</u>
4. Cash and cash equivalents	
Balances with banks:	
On current accounts	165
	<u>165</u>
5. Other financial assets	
Non-current	
Others - Receivables from group companies	1,09,427
Deposits	664
Other non-current assets	3,645
	<u>1,13,736</u>
Current	
Other current assets	1
	<u>1</u>
6. Share capital	
Authorised	
Issued, subscribed and fully paid-up	
1,21,20,00,000 equity shares of USD 1 each	12,12,000
	<u>12,12,000</u>
Total issued, subscribed and fully paid-up share capital	<u>12,12,000</u>

BIOSIMILARS NEWCO LIMITED**Notes to financial statements for the period 29 November, 2022 to March 31, 2023****(All amounts in US Dollars Thousands, except share data and unless otherwise stated)**

	<u>March 31,</u> <u>2023</u>
7. Other equity	
(Deficit) in the statement of profit and loss	
(Loss) for the year	(39,385)
Net (deficit) in the statement of profit and loss	<u>(39,385)</u>
Total other equity	<u><u>(39,385)</u></u>
8. Borrowings	
Non-current borrowings	
Term loan from Bank (secured) [refer note (a) below]	11,81,781
	<u><u>11,81,781</u></u>
<p>Note: The Company has entered into a USD 1.2 Billion long-term syndicated loan facility agreement for a tenure of 5 years. The term loan is repayable in quarterly instalments starting after 30 months of the execution of the agreement and carries an interest rate of SOFR + margin of 1.75% p.a to 1.35% p.a. The loan is secured by first pari-passu charge movable fixed assets of the Company , Biocon Biologics Limited ("BBL") (Holding Company), Biocon Sdn. Bhd., Malaysia ("Biocon Malaysia") (Fellow subsidiary), Biocon Biologics UK Ltd ("Biocon UK") (Fellow subsidiary and shareholder) and Biosimilar Collaborations Ireland Limited (Fellow subsidiary). Further the loan is also secured by corporate guarantee by BBL, Biocon Malaysia, Biocon UK and Biosimilars Collaboration Ireland Limited. Carrying value of the loan as at March 31, 2023 amounts to Rs 1,181,781 (March 31, 2022: Nil), net-off unamortised debt raise cost.</p> <p>Facility agreement provides for certain financial covenants at the Group level. For the purpose of computing covenants at a given date, any infusion of funds subsequently through issue of equity shares or any other instrument which is subordinate to the term loans, will be considered retrospectively for all purposes. Accordingly funding raised by the Company in May 2023 has been considered to comply with the financial covenant requirements as at March 31, 2023. As at the date of adoption of these financial statements, the Company continues to comply with the financial covenants.</p>	
9. Other financial liabilities	
(a) Non-current liabilities	
Deferred consideration payable	1,45,837
	<u><u>1,45,837</u></u>
(b) Current liabilities	
Deferred consideration payable	14,035
Interest accrued but not due	222
	<u><u>14,257</u></u>
10. Trade payables	<u><u>3,06,932</u></u>

BIOSIMILARS NEWCO LIMITED

Notes to financial statements for the period 29 November, 2022 to March 31, 2023

(All amounts in US Dollars Thousands, except share data and unless otherwise stated)

	Period ended March 31, 2023
11. Revenue from operations	
Sale of Products	
Traded goods	1,73,704
Profit share	2,790
Other operating revenue	
Others	369
	1,76,863
12. Purchase of traded goods	48,711
	48,711
13. Changes in inventories of traded goods	
Inventory acquired through business combination during the year	
Traded goods	63,541
Inventory at the end of the year	
Traded goods	30,330
	33,211
14. Other expenses	
Legal and professional fees	1,780
Research and development expenses	6,978
Selling expenses	
Selling promotion expense	28,144
Transition Service Agreement charges	28,363
Fair value loss on financial assets measured at fair value through profit or loss	16,091
Director's fees	30
	81,386
Expenses capitalised to intangible assets	(430)
Recovery of cost from co-development partners, net	(1,454)
	79,502
15. Finance cost	
Interest on term loan	20,098
Interest on financial instruments designated as FVTPL	5,056
	25,154

BIOSIMILARS NEWCO LIMITED**Notes to financial statements for the period 29 November, 2022 to March 31, 2023****(All amounts in US Dollars Thousands, except share data and unless otherwise stated)****16. Business combination**

On February 27, 2022, the Holding Company, BBL entered into a definitive agreement with its collaboration partner Viatrix Inc. to acquire Viatrix' biosimilars business to create a fully integrated global biosimilars enterprise. As part of the transaction, the Company has paid a total consideration of USD 2,311,354 including cash of USD 1,272,691 and Compulsorily Convertible Preference Shares ('CCPS') in USD 1,000,000. The said transaction obtained necessary regulatory and other approvals and the closing conditions were satisfied on November 29, 2022.

The Company along with Viatrix, the seller, is currently in the process of completing its determination of working capital balances taken over as part of the acquisition. Pending such determination and other adjustments as envisaged in the agreement, the Company has carried out a provisional purchase price allocation between goodwill, intangible assets and other working capital balances taken over. These initial estimates will be finalized over the next few quarters not exceeding twelve-month period allowed under the accounting requirements.

Below is the details of purchase price allocation on provisional basis:

	Amount
Cash	12,72,691
0.001% Compulsorily Convertible Preference Shares (CCPS)	10,00,000
Deferred consideration payable	1,64,181
Contingent consideration receivable	(1,25,518)
Total consideration	23,11,354
Assets acquired	
Trade receivables	1,41,329
Inventories	63,541
Other assets	1,015
Goodwill	15,51,463
Intangibles	8,53,442
Liabilities assumed	
Trade payables	(2,95,194)
Deferred tax liability	(4,241)
Total net assets acquired	23,11,354

- (a) The Company has agreed for deferred consideration payable after 18-24 months from the acquisition date
- (b) The Goodwill of USD 15,51,463 consists largely of the synergies and economies of scale expected from the acquired business, together with the value of the workforce acquired. The Goodwill generated on acquisition of business is deductible for tax purposes.
- (c) Acquisition related costs amounted to USD 15,869 and were excluded from the consideration transferred and were recognised as expense under "Exceptional expenses" in the income statement for the year ended 31 March 2023